STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:	*	**Settlement Tracking No. SA-WE-16-0032**
T & F OIL COMPANY, LLC	*	
AI # 166962	*	**Enforcement Tracking No. WE-CN-10-00598 WE-CN-12-00134**
PROCEEDINGS UNDER THE LOUISIANA ENVIRONMENTAL QUALITY ACT LA. R.S. 30:2001, ET SEQ.	*	**Docket No. 2013-12941-EQ**

SETTLEMENT

The following Settlement is hereby agreed to between T & F Oil Company, LLC ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a limited liability company that owned and/or operated an oil and gas exploration and/or production facility located in Creole, Cameron Parish, Louisiana ("the Facility").

II

On July 11, 2011, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **WE-CN-10-00598**, which was based upon the following findings of fact:

"The Respondent owns and/or operates an oil and gas exploration and/or production facility. The facility, which is at Little Chenier Field, is located 9.5 miles east of Highway 27 and Little Chenier Road in Creole, Cameron Parish, Louisiana. The Respondent does not have a

Louisiana Pollutant Discharge Elimination System (LPDES) permit or any other authority to discharge wastes and/or other substances to waters of the state.

According to the Louisiana Department of Natural Resources SONRIS database, the wells at the facility located at Little Cheniere Oil Field were previously owned/operated by Jimmy Roberson Energy Corp until December 1, 2008, when the Respondent began to operate the oil production wells at the facility. In September 2005, Hurricane Rita displaced the oil field's original tank battery and caused a release of petroleum product. No notification or remedial steps were taken by the previous operator in response to the displacement. In August 2008, Hurricane Ike shifted the tank battery again and residual crude was released from the tanks. Oil stains from these events were evident during an inspection conducted by the Department on or about September 14, 2009.

An inspection conducted by the Department on or about September 14, 2009, in response to a citizen's complaint, revealed that the Respondent caused and/or allowed the following unauthorized discharges to waters of the state:

A. The A Nunez #1 (s/n 157782) well area no longer had a complete containment levee for the tank battery or well and unauthorized discharges of oil contaminated stormwater was able to flow from the A Nunez #1 well to adjacent marsh and into an unnamed water body, thence Mermentau River, all water of the state. Specifically, the inspector observed a rainbow-like sheen as well as some emulsified oil floating on the surface of stormwaters flowing from the A Nunez #1 well site that was surrounded by oil stained ground measuring approximately 50 feet in diameter.

B. An unauthorized discharge of oil contaminated water was observed in a ditch that runs 5 feet by 100 feet beside the heater treater at the Mermentau Mineral Land #2 (s/n 197469)

well location. The heater treater, which had oil stains on the ground around it (approximately 50 feet in diameter) had been leaking at one time.

C. An unauthorized discharge of approximately 1-2 barrels of crude oil was observed on the water in the marsh on the south/southwest side of the Mermentau Mineral Land #2 tank battery. Facility representatives stated that the crude oil came from either Tank #41548 that was used to store oil and water collected from the A Nunez #1 well after the heater treater was bypassed because of a leak, or the flow lines being connected to the tanks when the heater treater was bypassed.

Each unauthorized discharge of oil, produced water, and/or contaminated stormwater to waters of the state is a violation of La. R.S. 30:2075 and LAC 33:IX.1701.B.

An inspection conducted by the Department on or about September 14, 2009, in response to a citizen's complaint, revealed that the Respondent caused and/or allowed the unauthorized discharges of oil or produced water to the ground. Specifically, a large oil stain approximately 50 feet in diameter was observed around A Nunez #1 well as well as on the containment levee to the northwest corner of the old tank battery. A large oil stain that measured approximately 50 feet in diameter was also found on the ground around the heat treater. Another oil stained area was observed around the Mermentau Mineral Land #1 (s/n 215824) well that measured approximately 20 feet in diameter. Each unauthorized discharge of oil or produced water to the ground is a violation of La. R.S. 30:2076(A)(1)(a), LAC 33:IX.1701.B, and LAC 33:IX.708.C.1.a.

An inspection conducted by the Department on or about September 14, 2009, in response to a citizen's complaint, revealed that the Respondent failed to surround tanks with a retaining wall or suitable ditch to a collecting sump of sufficient capacity to contain spillage and prevent

pollution of the surrounding areas. Specifically, the inspector noted that the containment levee surrounding the four tanks at the Mermentau Mineral Land #2 well location was not sufficient to contain the largest tank and allow for two feet of freeboard on the south side. The A Nunez #1 well area no longer had a complete containment levee for the tank battery or well which allowed contaminated stormwater to flow from the site to the adjacent marsh. In addition, the Respondent failed to prepare and implement a spill prevention and control (SPC) plan. Each failure to prepare and adequately maintain an SPC plan is a violation of La. R.S. 30:2076(A)(3), and LAC 33:IX.708.C.1.b.

Inspections conducted by the Department on or about September 14, 2009, and September 17, 2009, in response to a citizen's complaint, and a subsequent file review conducted on or about May 10, 2011, revealed that the Respondent failed to submit Notices of Intent (NOI) for discharges from oil and gas exploration development and production facilities located within coastal waters. Each failure to apply is a violation of La. R.S. 30:2076 (A)(3), and LAC 33:IX.2501.A."

On May 31, 2012, the Department issued to Respondent a Consolidated Compliance Order & Notice of Potential Penalty, Enforcement No. **WE-CN-12-00134**, which was based upon the following findings of fact:

"The Respondent owns and/or operates an oil and gas exploration and/or production facility. The facility is located at 2590 Little Cheniere Road in Creole, Cameron Parish, Louisiana (the site). According to the Louisiana Department of Natural Resources SONRIS database, the wells at the facility located at Little Cheniere Oil Field were previously owed/operated by Jimmy Roberson Energy Corp until December 1, 2008, when the Respondent began to operate the oil production wells at the facility. The Respondent was issued Louisiana

Pollutant Discharge Elimination System (LPDES) Oil & Gas Exploration, Development, and Production General Permit LAG33B034 on or about November 15, 2011, which will expire on January 31, 2016. The Respondent is authorized to discharge dewatering effluents from reserve pits which have not received drilling fluids and/or drill cuttings since December 15, 1996, deck drainage, formation test fluids, sanitary wastewater, domestic wastewater, hydrostatic test water, and miscellaneous discharges from its facility into an unnamed ditch, and thence to Little Cheniere Bayou, waters of the state.

The Respondent was issued Consolidated Compliance Order & Notice of Potential Penalty WE-CN-10-00598 on or about July 11, 2011, for unauthorized discharges, failure to prepare and adequately maintain a spill prevention and control plan, and failure to submit a Notice of Intent (NOI). The Order required the Respondent to immediately cease unauthorized discharges to waters of the state, submit a written report to include the circumstances of the cited violations, submit a comprehensive plan for the elimination and prevention of such noncomplying discharges, implement and maintain an SPC, and submit a completed LPDES Notice of Intent or written documentation that no activities exist resulting in unauthorized discharges to waters of the state to the Department. The Respondent submitted written responses on or about August 30, 2011, and September 2, 2011. Compliance Order & Notice of Potential Penalty WE-CN-10-00598 is a final action of the Department and is not subject to further review.

Inspections conducted by the Department on or about April 14, 2010, April 16, 2010, June 16, 2010, January 14, 2011, January 27, 2011, July 29, 2011, August 2, 2011, and August 4, 2011, revealed the Respondent caused and/or allowed the following unauthorized discharges:

A. An inspection conducted by the Department on or about April 14, 2010, revealed an oil stain around the gas unit for the Nunez #1 well approximately twenty (20) feet in diameter. The inside of the tank battery's secondary containment had approximately twenty (20) barrels (bbls) of produced water and approximately three (3) bbls of crude oil. In addition, an open-ended pvc pipe with no valve restriction was found on the south levee wall of the secondary containment system. The contents of the secondary containment were freely flowing via the open ended PVC pipe into an adjacent marsh which ties into a canal flowing to the Mermentau River. Crystallized salt was observed on the mud flats of the marsh, and crude oil and stains were observed on the mud flats and surrounding vegetation. Sediment erosion was observed on the inside bottom of the secondary containment which indicated that valves were open, and the contents of the tank had discharged. In addition, produced water was observed leeching through the east levee wall of the secondary containment, and the area around the heater treater had a large stain along with an area of vegetation in the site perimeter ditch.

B. An inspection was conducted by the Department on or about April 16, 2010. The inside of secondary containment had been vacuumed out, and the truck operator estimated thirty (30) bbls of material had been recovered from inside secondary containment. The representative stated that the produced water and crude oil inside secondary containment was released on March 31, 2010, when he was attempting to move the flow line.

C. An inspection conducted by the Department on or about January 14, 2011, revealed that oil stains were found along the entire inside of the tank battery's secondary containment, and the area to the west of the Nunez well #I had fresh crude oil pooled within depressions in the ground. The release was estimated to be 1-2 bbls.

D. An inspection conducted by the Department on or about January 27, 2011, revealed that a valve was left open in the gas line from the well which fed into the motor. Approximately 1-2 bbls of crude oil was released to the ground on the west side of the well. The crude oil was being covered with absorbent pads, and the stained soil and vegetation was manually removed and bagged for disposal. The Respondent stated that the open valve was due to an[='(sic) act of vandalism.

E. An inspection conducted by the Department on or about July 28, 2011, in response to a spill on July 27, 2011, revealed that approximately five (5) bbls of crude oil and an unknown amount of gas was released due to a missing bolt around the shaft packing.

F. An inspection conducted by the Department on or about July 29, 2011, in response to a spill that occurred on July 28, 2011, revealed that 1-2 bbls of oil and produced water had been released to the secondary containment system due to a leak in the crossover piping between a 400 bbl tank and a 300 bbl tank. The Respondent discovered the release on July 26, 2011.

G. The Department conducted an inspection on or about July 29, 2011, in response to a spill that occurred on July 28, 2011. According to the inspection report, a representative of the Respondent stated that a rubber pack-off in the stuffing box failed, causing the pressure to build on the wiper gasket for the polish rod. This caused the bolted securing (sic) cap for the wiper gasket to break and created a weak point in the seal that resulted in the release of pressurized product (gas, crude oil and water). An estimated total of five (5) bbls of crude oil and produced water were released to the ground around the well head. In addition, approximately one (1) bbl of crude oil and product water was discharged into the marsh on the west side of the well head. The Department observed oil stains over the

top of the secondary containment levees. The PVC piping connecting the second tank to the third tank in secondary containment was found to be cracked and leaking. The cracked PVC piping resulted in the release of an estimated two (2) bbls of crude oil and produced water. An inspection conducted by the Department on or about August 2, 2011, revealed that oil was found in an old perimeter containment ditch for the well pad. The inspector determined that the release from the cracked PVC piping observed during the July 29, 2011 inspection was larger than initially estimated. Based on observations during this inspection, the inspector estimated the actual release to be approximately fifty (50) bbls of crude oil and produced water.

H. An inspection conducted by the Department on or about August 4, 2011, revealed that the southern-most tank appeared to have overflowed from an open flange at the top side of the tank. The facility representative stated during the previous site visit, on or about August 2, 2011, that the material from the previous releases was being put into this tank. It also appeared that additional loads of material had been dumped inside the secondary containment.

I. An inspection conducted by the Department on or about February 7, 2012, revealed that the inside of the secondary containment still had evidence of an oil spill. Also, a cracked and leaking five (5) gallon bucket of oily material still remained on the east levee of the secondary containment. Evidence of a new spill was observed around the wellhead consisted of heavily stained soil approximately 100' x 25' in size and pockets of recoverable crude oil estimated to be 1-2 bbls.

Each unauthorized discharge is a violation of La. R.S. 30:2076(A)(l)(a), LAC 33:IX.1701.B, and LAC 33:IX.708.C.l.a., and Compliance Order & Notice of Potential Penalty WE-CN-10-0598.

Inspections conducted by the Department on or about April 14, 2010, August 4, 2011, and August 11, 2011, revealed that the Respondent failed to initiate immediate remedial response for the following spill events:

A. An inspection conducted on or about April 14, 2010, revealed that a large stain around the Nunez well, approximately fifty (50) feet in diameter was present. This stain was previously observed during the September 14, 2009 inspection.

B. Inspections were conducted by the Department on or about August 4, 2011, and August 11, 2011, to determine the progress of the remediation efforts for releases that occurred on or about July 28 and 29, 2011. The inspections revealed that oil stained soils observed during the July 29, 2011 inspection were still present and had not been remediated. Additionally, bags of oily waste were also present. The perimeter ditch still had some recoverable oil in it, and the cracked and leaking overflow piping that connected the second tank to the third tank had not been repaired. The gasket wiper for the well had not been repaired and appeared to still be leaking.

C. An inspection conducted by the Department on or about February 7, 2012, revealed that evidence of a new spill was observed around the wellhead. Heavily stained soil approximately 100' x 25' in size and pockets of recoverable crude oil were present. Footprints were observed around the wellhead in the stained oil indicating that the Respondent was aware of the release, took measures to stop the leak, but did not initiate a remedial response. The Department was not notified of a release.

Each failure to initiate an immediate remedial response is a violation of La. R.S. 30:2076(A)(l)(a) and LAC 33:IX.708.C. 1.b.iv.

Inspections conducted by the Department on or about April 14, 2010; January 14, 2011; January 27, 2011; July 29, 2011; and February 7, 2012, and a subsequent file review on or about February 13, 2012, revealed that the Respondent failed to verbally notify and/or submit written notification to the Department for releases that exceeded reportable quantities. Details regarding the releases are listed below:

Date of Release	**Reportable Quantity**	**Amount of Release**	**Comments**
March 31, 2010	1 barrel (bbl)	30 bbls	Produced water and crude oil released inside of secondary containment when attempting to move the flow line
April 14, 2010	1 barrel (bbl)	23 bbls	Produced water and crude oil released inside of tank battery secondary containment
June 16, 2010	1 barrel (bbl)	3 bbls	Two tanks directly connected to Nunez well filled and overflowed inside and outside secondary containment
January 14, 2011	1 barrel (bbl)	1-2 bbls	Area west of Nunez well had pooled fresh crude on ground
July 29, 2011[1]	1 barrel (bbl)	5 bbls	Rubber pack-off failed in the stuffing box putting pressure on the wiper gasket for the polishing rod and released pressured gas, crude oil and produced water
July 29, 2011[2]	1 barrel (bbl)	50 bbls	A leak in pvc crossover piping at tank battery secondary containment released crude oil
February 7, 2012	1 barrel (bbl)	1-2 bbls	Spill around well head, heavily stained soil and pockets of crude oil

[1] Blowout
[2] Cracked and leaking pvc pipe

Each failure to promptly notify the Department of a release and/or spill is a violation of La. R.S. 30:2076(A)(3), LAC 33:I.3915.A.1, and LAC 33:I.3925(A).

Inspections conducted by the Department on or about April 14, 2010, and February 7, 2012, revealed that the Respondent failed to adequately implement a Spill Prevention and

Control (SPC) Plan. Specifically, an open-ended pipe with no valve restriction was found on the south levee wall of the contaminated system. The pipe was observed freely flowing the contents of the secondary containment into an adjacent marsh which flows into a canal and thence into the Mermentau River. Crystalized salt, crude oil and oil stains were observed on the mud flats and on the vegetation. Sediment erosion was observed on the inside bottom of secondary containment, indicating that valves had been opened to discharge the contents of the tank. Each failure to prepare and implement an adequate SPC plan is a violation of LPDES permit LAG33B034, Compliance Order & Notice Of Potential Penalty WE-CN-10-0598, La. R.S. 30:2076(A)(3) and LAC 33:1X.708.C.l .b."

Inspections conducted by the Department on or about April 14, 2010, June 16, 2010, and February 7, 2012, revealed that the Respondent failed to provide appropriate containment and/or diversionary structures or equipment to prevent an applicable spilled substance from reaching waters of the state. Specifically, the facility did not have drip pans/buckets installed or other spill control measures at the truck load out points. In addition, tank battery overflow tanks had a valve at the bottom on the south side which drained inside the secondary containment. Sediment erosion was observed, indicating that valves were opened and content of the tanks were discharged. At Nunez well #1, both tanks had filled and overflowed into secondary containment, and the spilled material overflowed the earthen containment berm. The spilled material that had overflowed the berm appeared to have been windblown and overflowed from the top of the tank. Each failure to provide appropriate containment, diversionary structures, or equipment is a violation of LPDES permit LAG33B034, La. R.S. 30:2076(A)(3) and LAC 33:IX.907.D.

An inspection conducted by the Department on or about January 14, 2011, revealed that the Respondent failed to take immediate remedial action. Specifically, a release above reportable

quantity had occurred on January 7, 2011 and was discovered during a follow-up site visit. Oil stained ground and fresh crude oil, pooled up in small depressions, was discovered on the ground west of Nunez #1. Also, an inspection conducted by the Department on or about February 7, 2012, revealed that the inside of the secondary containment still had evidence of an oil spill; a cracked and leaking bucket of oily material remained on the east levee of the secondary containment. Each instance of failure to take immediate remedial action is a violation of LPDES permit LAG33B034, La. R.S. 30:2076(A)(3) and LAC 33:IX.708C.1 .b.iv. (sic)"

III

In response to the Consolidated Compliance Order & Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of SIX THOUSAND ONE HUNDRED FORTY-NINE AND NO/100 DOLLARS ($6,149.00) of which Three Thousand Two Hundred Forty-Six and 16/100 Dollars ($3,246.16) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to the Department as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).

VI

Respondent further agrees that the Department may consider the inspection report(s)/permit record(s), the Consolidated Compliance Order & Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VII

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VIII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

IX

As required by law, the Department has submitted this Settlement Agreement to the Louisiana Attorney General for approval or rejection. The Attorney General's concurrence is appended to this Settlement Agreement.

X

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Cameron Parish, Louisiana. The advertisement, in form and wording approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XI

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XIII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

T & F OIL COMPANY, LLC

BY: _____
(Signature)

L.P. Brown, III
(Printed)

TITLE: Manager

THUS DONE AND SIGNED in duplicate original before me this 8TH day of December, 20 16, at Mandeville, LA.

_____
NOTARY PUBLIC (ID # 21073)

DAVID J. SCHEXNAYDRE
NOTARY PUBLIC
Louisiana State Bar No. 21073
State of Louisiana
My commission is for life.
(stamped or printed)

LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Chuck Carr Brown, Ph.D., Secretary

BY: _____
Lourdes Iturralde, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 24th day of February, 20 17, at Baton Rouge, Louisiana.

_____
NOTARY PUBLIC (ID # 19181)

Perry Theriot
(stamped or printed)

Approved: _____
Lourdes Iturralde, Assistant Secretary